

**TESTIMONY OF CHARLES C. MADDOX, ESQ.  
INSPECTOR GENERAL  
COMMITTEE ON GOVERNMENT OPERATIONS  
A REVIEW OF REFORMS MADE TO THE DISTRICT OF COLUMBIA  
GOVERNMENT PURCHASE CARD PROGRAM AND GOVERNMENT TRAVEL  
CARD PROGRAM**

**OCTOBER 3, 2003**

GOOD MORNING MR. CHAIRMAN AND COMMITTEE MEMBERS. THANK YOU FOR THE OPPORTUNITY TO ADDRESS THE COMMITTEE REGARDING MY OFFICE'S PURCHASE CARD AND TRAVEL CARD PROGRAMS. MY TESTIMONY THIS MORNING RESPONDS TO THE QUESTIONS RAISED IN THE CHAIRMAN'S SEPTEMBER 2, 2003 LETTER. SEATED AT THE TABLE WITH ME TODAY IS RUSSELL SYMONS, CHIEF OF CONTRACTS AND PROCUREMENTS FOR THE OFFICE OF THE INSPECTOR GENERAL.

**PURCHASE CARD LIMITS**

THE OFFICE OF THE INSPECTOR GENERAL HAS ONE PURCHASE CARD. MY OFFICE'S PROCUREMENT FUNCTION IS CENTRALIZED UNDER THE CONTRACTS AND PROCUREMENTS UNIT. THE CHIEF OF CONTRACTS AND PROCUREMENTS HAS BEEN ASSIGNED CARDHOLDER RESPONSIBILITIES. HE HAS A \$2,500 PER DAY LIMIT, A \$10,000 MONTHLY LIMIT, AND A \$10,000 ANNUAL LIMIT. WE DO NOT FORESEE ANY NEED TO INCREASE THESE LIMITS DUE TO THE ADOPTION OF THE NEW PROCUREMENT SYSTEM.

**BUDGETING FOR PURCHASE CARD ACTIVITY**

WE BUDGETED DOLLARS IN OBJECT CODE 20, SUPPLIES AND MATERIALS, FOR FY 2004 TO BE ALLOCATED TO THE PURCHASE CARD. THE LIMITS OF THE CARD

ARE SO SMALL THAT WE DID NOT BELIEVE IT WAS NECESSARY TO SEPARATELY IDENTIFY THE CARD ALLOCATION.

WE SUBMITTED A PURCHASE ORDER IN THE AMOUNT OF \$10,000 TO THE OFFICE OF CONTRACTING AND PROCUREMENT TO FUND THE PURCHASE CARD DURING FY 2004. WE HAVE ALSO SUBMITTED AN ADDITIONAL PURCHASE ORDER ESTABLISHING A \$12,000 LIMIT FOR OUR TRAVEL CARD. THE FUNDING LEVEL REQUESTED FOR EACH CARD IS BASED ON THE ACTIVITY OF THE PRIOR YEAR.

### **PROCEDURES FOR HANDLING PURCHASE CARD**

TO FURTHER MONITOR PURCHASE CARD ACTIVITY, WE HAVE ESTABLISHED ADDITIONAL CONTROLS TO PRECLUDE FRAUD, WASTE, ABUSE, AND MISUSE. THESE PROCEDURES INCLUDE THE FOLLOWING:

DEVELOPING A “REQUEST FOR CREDIT CARD PURCHASE” FORM WHICH MUST BE PROVIDED WITH EACH REQUEST FOR A CREDIT CARD PURCHASE. THIS FORM IDENTIFIES THE ITEM(S) BEING REQUESTED AND SPECIFICATIONS FOR THE ITEM.

WE HAVE ESTABLISHED A CADRE OF AUTHORIZING OFFICIALS THAT MUST SIGN PURCHASE REQUESTS BEFORE THE PROCUREMENT CAN GO FORWARD. THE CADRE INCLUDES THE DEPUTY INSPECTOR GENERAL, THREE ASSISTANT INSPECTORS GENERAL AND THEIR DEPUTIES, AND THE DIRECTOR OF THE MEDICAID FRAUD CONTROL UNIT AND HIS DEPUTY.

ALL PROCUREMENTS MUST BE AUTHORIZED IN WRITING BY ONE OF THE MENTIONED OFFICIALS BEFORE THE CARDHOLDER TAKES ANY PROCUREMENT ACTION. THESE SAME OFFICIALS ARE ALSO RESPONSIBLE FOR AUTHORIZING TRAVEL CARD CHARGES AND PURCHASE ORDERS.

ONCE THESE INDIVIDUALS HAVE AUTHORIZED THE PROCUREMENT ACTION, THE PROCUREMENT REQUEST IS REVIEWED BY THE CREDIT CARD HOLDER FOR ACCURACY, COMPLIANCE WITH PROCUREMENT REGULATIONS, AND PROPER AUTHORIZATION. THE CARDHOLDER MAY CALL TWO OR MORE VENDORS TO OBTAIN THE MOST ECONOMICAL PRICE BEFORE MAKING THE PROCUREMENT. WHEN THE ORDER IS RECEIVED, THE REQUESTOR MUST SIGN THE INVOICE DOCUMENTING THAT THE ITEM ORDERED WAS RECEIVED AND IS ACCEPTABLE.

WHEN THE BANK STATEMENT IS RECEIVED IDENTIFYING THE PROCUREMENTS FOR THE MONTH, THE CARDHOLDER COMPARES EACH ENTRY TO THE INVOICE. A COPY OF THE INVOICE IS PLACED IN OUR OFFICE FILES AND THE ORIGINAL IS ATTACHED TO THE BANK STATEMENT. AN INTERNAL REFERENCE NUMBER ASSIGNED BY THE CARD HOLDER AT THE TIME THE PROCUREMENT IS MADE IS ALSO WRITTEN ON THE COPY OF THE BANK STATEMENT THAT IS PLACED IN THE CARDHOLDER'S RECORDS. IF AN ORIGINAL INVOICE IS NOT AVAILABLE, THE CARDHOLDER WILL PROVIDE A WRITTEN EXPLANATION AS TO WHY AN ORIGINAL CANNOT BE PROVIDED.

ONCE THE BANK STATEMENT HAS BEEN RECONCILED WITH THE ORIGINAL INVOICES AND SIGNED BY THE CARDHOLDER, THE STATEMENT, ALONG WITH THE ORIGINAL RECEIPTS ARE GIVEN TO THE APPROVING OFFICIAL. THE APPROVING OFFICIAL PROVIDES THE PACKAGE TO THE AGENCY REVIEW TEAM MEMBERS FOR REVIEW AND APPROVAL. ONCE APPROVAL IS GIVEN, THE APPROVING OFFICIAL SIGNS THE BANK STATEMENT. THE STATEMENT AND ORIGINAL INVOICES ARE THEN GIVEN TO ACCOUNTS PAYABLE FOR PAYMENT.

## **ATTENDANCE AT MANDATORY TRAINING**

THE CARDHOLDER HAS ATTENDED THE MANDATORY PURCHASE CARD TRAINING. IT IS THE POLICY OF THE OIG TO COMPLY WITH THE REQUIREMENTS ESTABLISHED BY THE OFFICE OF CONTRACTING AND PROCUREMENT.

AGAIN, THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU REGARDING OUR PURCHASE AND TRAVEL CARD POLICIES AND PROCEDURES.